Calendar No. 252

98TH CONGRESS, 1st Session } SENATE { REPORT No. 98-157

SERVICE INDUSTRIES DEVELOPMENT ACT

JUNE 21 (legislative day, JUNE 20), 1983.—Ordered to be printed

Mr. PACKWOOD, from the Committee on Commerce, Science, and Transportation, submitted the following

REPORT

[To accompany S. 1427]

The Committee on Commerce, Science, and Transportation, to which was referred the bill (S. 1427) to establish a program in the Department of Commerce to promote U.S. service industries, enhance their competiveness, and for other purposes, having considered the same, reports favorably thereon with amendments and recommends that the bill do pass.

PURPOSE OF THE BILL

The bill, as reported, would authorize the Secretary of Commerce to establish a service industries development program within the Department of Commerce.

BACKGROUND AND NEEDS

The service sector (industries such as transportation, data processing, communications, advertising, construction, design and engineering, finance, insurance, entertainment, tourism, and investment) now accounts for approximately two-thirds of our gross national product and for three-fourths of total employment. In 1982, the service sector provided the United States with a $36.1 billion international trade surplus, which offset a $36.3 billion deficit in the merchandise portion of the current account. Obviously, our international trade position would be worse were it not for our strength in the service sector.

A worrisome trend developed during 1982. The services surplus of the United States fell during the last two quarters of the year to an annualized rate of only $33.9 billion. If this trend continues, and our merchandise balance does not change, the United States will face in-

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creasing trade deficits for years to come. The purpose of S. 1427 is to bolster our strength in services trade and halt the erosion occuring in that sector.

To be successful in this goal, we need more emphasis placed on services by our economic planners. Despite the impressive statistics regarding the size and growth rate of the service sector, the service sector is largely ignored in the formulation of Federal economic policies. If we are to maintain our competitive edge in services we need to devote more time and resources to the service sector.

The Service Industries Development Act would elevate the status of the sector within the Federal trade and economic planning establishment. This is something we have already waited too long to do, and the committee notes with approval the recent worldwide increase in attention to the service sector.

LEGISLATIVE HISTORY

S. 1427 was introduced on June 8, 1983, by Senators Inouye and Pressler. The measure was ordered reported by the full Commerce Committee, with an amendment, on June 10, 1983.

Hearings were held on a similar measure (S. 1233) during the 97th Congress. These hearings, held on October 20 and 21, 1981 resulted in strong endorsement of the bill by several of the individual segments of the U.S. service sector.

SUMMARY OF MAJOR PROVISIONS

Section 2 of the bill, "Findings," provides congressional recognition of the importance of the service sector, and of the fact that the sector has been overlooked by economic planners.

Section 3, "Purposes," commits the Federal Government, the Commerce Department in particular, to provide greater assistance to the development and expansion of the service sector. Section 3 also commits the Federal Government to the objective of free and fair world trade and reciprocal rights for U.S. nationals, and expresses congressional support for a General Agreement on Tariffs and Trade [GATT] in services.

Section 5 authorizes the Secretary of Commerce to establish a service industries development program within the Commerce Department. The program is intended to provide the types of assistance required to maximize the benefits of the service sector to the American economy.

Section 6 authorizes $3 million each year in fiscal years 1984 and 1985 for the program.

ESTIMATED COSTS

In accordance with paragraph 11(a) of rule XXVI of the Standing Rules of the Senate and section 403 of the Congressional Budget Act of 1974, the committee provides the following cost estimate, prepared by the Congressional Budget Office.

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, D.C., June 14, 1983.

Hon. BOB PACKWOOD,
Chairman, Committee on Commerce, Science and Transportation, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to section 403 of the Congressional Budget Act of 1974, the Congressional Budget Office has prepared the attached cost estimate for S. 1427, the Service Industries Development Act.

Should the committee so desire, we would be pleased to provide further details on this estimate.

Sincerely,

ALICE M. RIVLIN, *Director.*

1. Bill number: S. 1427.
2. Bill title: Service Industries Development Act.
3. Bill status: As ordered reported by the Senate Committee on Commerce, Science, and Transportation, June 10, 1983.
4. Bill purpose: S. 1427 authorizes the Secretary of Commerce to establish a service industries development program that would provide statistical and policy analysis to assist U.S. service industries in increasing exports. The bill authorizes the appropriation of $3 million in each of the fiscal years 1984 and 1985 for this purpose.
5. Estimated cost to the Federal Government:

	Millions
Authorization level:	
Fiscal year:	
1984	$3.0
1985	3.0
1986	----
1987	----
1988	----
Estimated outlays:	
Fiscal year:	
1984	2.2
1985	3.0
1986	.8
1987	----
1988	----

The costs of this bill fall within budget function 370.

Basis of Estimate: For purposes of this estimate, itwas assumed that the amount authorized in the bill for 1984 and 1985 will be appropriated prior to the beginning of each fiscal year. Outlays reflect historical spending patterns for the International Trade Administration.

6. Estimated cost to State and local governments: None.
7. Estimated comparison: None.
8. Previous CBO estimate: On May 9, 1983, CBO prepared a cost estimate for H.R. 2848, as ordered reported by the House Committee on Energy and Commerce, May 4, 1983. H.R. 2848 authorized the appropriation of $5 million for similar service industry development program.
9. Estimate prepared bv: Mary Maginniss.
10. Estimate approved by:

JAMES L. BLUM,
Assistant Director for Budget Analysis.

Regulatory Impact Statement

In accordance with paragraph 11(b) of rule XXVI of the Standing Rules of the Senate, the Committee provides the following evaluation of the regulatory impact of the legislation:

(1) No additional businesses or individuals would be subject to regulation;

(2) There will be no economic impact on individuals, consumers or businesses;

(3) There will be no impact on personal privacy; and

(4) There may be additional paperwork requirements imposed upon certain Federal agencies since the bill gives the Commerce Department the authority to compile certain data currently being collected by other Federal agencies. However, no new data collection programs are anticipated.

Agency Comments

The comments of the Commerce Department, the State Department, and the U.S. Trade Representative were included in the 1981 hearing record. All were supportive of the goals of the earlier bill, S. 1233, and no objections were raised to the specifics of the legislation.

Section-by-Section Analysis

Section 2—findings

Seven of ten Americans are employed in the service sector;

U.S. economic policy does not adequately focus on services.

Services account for 30 percent of total trade and provided a $36 billion trade surplus in 1982; and

Service industries need Federal assistance in maintaining their international competitive advantage.

Section 3—declaration of purpose

Government analysis of service problems and development of service policies must be improved;

The Department of Commerce shall have lead responsibility within the executive branch for increasing the competitiveness of service industries;

The Federal Government should devote additional resources toward implementation of the act;

The Federal Government should encourage free and fair trade in services worldwide; and

Congress recommends that the General Agreement on Tariffs and Trade develop a system for resolving service sector trade disputes.

Section 4—definitions

Section 5—establishment of program

The bill authorizes the Secretary of Commerce to establish a service industries development program to:

Assist U.S. service industries in increasing exports;

Develop and analyze data in service industries and export markets;

Analyze domestic Federal policies affecting service industries and recommend beneficial changes;

Document trade impediments imposed by foreign countries;

Support the U.S. Trade Representative in trade negotiations; and

Provide pertinent statistical data on the service sector to State and local governments and industry groups.

Section 6—authorization

S. 1427 provides $3 million for each of fiscal years 1984–85.

Changes in Existing Law

The bill would make no changes in existing law.

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